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PRESS RELEASE

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For Immediate Release

**Hawaii Public Utilities Commission
Implements a One-Year "Zone of Reasonableness"
Pilot Program for Motor Carriers
(PUC Docket No. 03-0245)
(Decision and Order No. 20704, Filed on December 5, 2003)**

The Hawaii Public Utilities Commission is implementing a one-year Zone of Reasonableness pilot program for motor carrier rates and charges. The Zone concept reflects the Commission's intent to streamline and expedite the rate review and approval process, and to encourage further competition in Hawaii's motor carrier industry. It is expected that this change will reduce the regulatory burden imposed on motor carriers, to the benefit of the parties that the carriers service, as well as the general public.

Under this program, motor carriers will be provided the flexibility to adjust their base rates within a plus or minus 10 per cent "Zone" or range without the burden of justifying their change in rates. In brief:

1. The Zone will be in effect from January 1, 2004 to December 31, 2004, unless otherwise modified, continued, or terminated by the Commission.
2. The Zone consists of points within the range of plus or minus 10 per cent from a motor carrier's base rate. The total range of the Zone, thus, is 20 per cent.
3. A motor carrier's proposed increases or decreases to its base rate that fall within the carrier's Zone are presumptively valid, i.e., "just and reasonable," and will take effect 30-days after filing with the Commission.

In August 2003, the Commission began examining the feasibility of streamlining and expediting the rate review process for motor carriers of passengers and property statewide. To assist in its investigation, the Commission made the following entities parties to the docket: (1) the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy; (2) Hawaii State Certified Common Carriers Association, Inc.; (3) Hawaii Transportation Association, Inc.; and (4) Western Motor Tariff Bureau, Inc. Throughout its investigation, the Commission also involved and solicited comments from the affected motor carriers.

Motor carriers and their representatives that participated in the Commission's investigation strongly support the Zone concept of ratemaking. No one from the motor carrier industry voiced any opposition to the Zone. The parties' deadline to seek reconsideration of the Commission's December 5, 2003 decision expired on December 18, 2003. None of the parties moved for reconsideration, and the Commission's decision became effective. During the pilot period, the Commission will solicit additional comments and data to determine whether to continue or modify the pilot program for the year 2005 and beyond, or to terminate the program.

Approximately 568 motor carriers of passengers and 392 motor carriers of property are currently regulated by the Commission. The full text of the Commission's Decision and Order No. 20704 and additional information are available for viewing at the Commission's website, www.hawaii.gov/budget/puc.

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